

Unilever Annual General Meeting 2024

Type of meeting	Annual General Meeting
Date	11:30h BST, May 1 st , 2024
Location	Hilton London Bankside, Great Suffolk Street, London, UK.
Speaker	Claire Ahlborn (Robeco)
Opt-in members	Van Lanschot Kempen Investment Management NV, MN, Aegon Investment Management BV, Achmea Investment Management, and APG who are representing their clients ABP, BPF Bouw, SPW and PPF.
Attendance AGM	72,5% of stock of outstanding stock represented.

		Result (%)	
	Agenda items	Vote	For
1.	Accounts and Reports	For	99.45%
2.	Remuneration Report	For	97.96%
3.	Remuneration Policy	For	97.69%
4.	Climate Transition Action Plan	For	97.59%
5.	Elect Fernando Fernandez	For	99.77%
6.	Re-elect Adrian Hennah	For	94.16%
7.	Re-elect Andrea Jung	For	98.21%
8.	Re-elect Susan Kilsby	For	99.67%
9.	Re-elect Ruby Lu	For	99.43%
10.	Elect Ian Meakins	For	98.61%
11.	Elect Judith McKenna	For	99.89%
12.	Re-elect Nelson Peltz	For	98.55%
13.	Re-elect Hein Schumacher	For	99.76%
14.	Reappointment of KPMG LLP as Auditors	For	98.88%
15.	Authority to fix the remuneration of the Auditor	For	99.88%
16.	Authorization of Political Donations and expenditure	For	98.34%
17.	Authority to allot shares	For	96.04%
18.	Authority to disapply pre-emption rights	For	98.50%
19.	Authority to disapply pre-emption rights for the purposes of acquisitions or capital investments	For	98.33%
20.	Authority to Repurchase Shares	For	99.81%
21.	Authority to Set General Meeting Notice Period at 14 Days	For	93.75%
22.	Adoption of new Articles of Association.	For	99.92%

My name is Claire Ahlborn, I work at Robeco, and today I speak on behalf of a group of institutional investors including Van Lanschot Kempen Investment Management NV, MN, Aegon Investment Management BV, Achmea Investment Management, and APG who are representing their clients ABP, BPF Bouw, SPW and PPF.

First of all, we wanted to thank Unilever for its open dialogue with minority shareholders over the last year, having provided us with opportunities to share concerns and suggestions in a constructive discussion, especially through the company's changes in leadership and strategy.

Accounts and Reports:

1. We welcome the added 'focus' Unilever's new leadership has brought to the company, and believe that this enhanced attention on execution will help Unilever to deliver on its strategic priorities. However, while thus far the narrative has been that performance will go hand in hand with sustainability, we are concerned that instead it will come at the cost of it. For instance, we noted that across the four areas of sustainability where you had promised an enhanced approach – climate, plastics, nature and livelihoods -, ambition levels have decreased rather than increased. The target on virgin plastics reduction has nearly halved, from a reduction of 50% to 30%, while the long-term living wage goal covering 100% of suppliers was simply removed. Meanwhile, the overall weighting of sustainability across your executive remuneration has also decreased significantly. If the company decides to apply an enhanced focus, we expect that ambitions in these focus areas are enhanced, and not lowered. How are we to interpret the "enhanced focus on sustainability performance" and at the same time the lowered executive pay and ambition around sustainability?

The review of Unilever's sustainability targets, and coinciding adjustment of its SPI weightings in executive remuneration from 25% to 15%, were said by the CEO to have been a necessity for Unilever to live up to its continued commitment to sustainability while working towards more effective execution thereof. This review has led to the removal or amendment of non-measurable targets or targets outside of their control, aiming to create more focus on feasible, core objectives. Both Unilever's ambition to reduce consumers' downstream energy use and its long-term living wage target were mentioned as such examples for dropped targets, with the CEO citing the challenges around reaching 100% of their smallholder supplier network and engaging consumers as reasons for these limitations.

ESG:

2. On climate action, first of all, we would like to thank management and the board for offering a vote on its climate transition action plan, which has seen significant enhancements including following the SBTi FLAG guidance. We realize that asking for shareholders vote on your climate strategy is voluntary and we see this as a best practice. However, the indirect changes to climate related targets which were announced just a few days before the AGM, such as through the reduced plastics target, have re-introduced a lack of clarity about Unilever's climate actions. Can you explain if the recent reductions in targets have any effects on the implementation of the proposed transition plan, and by when we can expect more granular insights into Unilever's group-wide scope 3 footprint which would confirm this evaluation?

The CEO confirmed that the reductions in the plastics targets won't have an effect on the company's ability to deliver on the climate transition action plan. While recognizing the link between plastics and Unilever's GHG emissions, the plastics reduction efforts only account for 3% of its overall emission reduction plan and do not expect to change significantly. Further insights into assessments conducted to confirm this or expected disclosures on Unilever's scope 3 emissions footprint were not mentioned.

3. On plastics, while we have spoken about the reduced ambition of Unilever's plastic targets already and want to continue to stress this concern, we also wanted to take a moment to appreciate Unilever's long-term engagement around the Global Plastics Treaty, where it has played a key role in driving progress. However, we note that both ambition and progress measures around plastics remain largely country agnostic, not distinguishing between impacts of reduction measures in lower or higher risk contexts - such as where waste management infrastructure is weak and environmental leakages high -. To address this significant efforts are likely needed on flexible packaging in emerging markets, where high leakage into nature, including oceans, is happening. We would like to have more comfort that sufficient progress is made in those markets. Does Unilever currently have region specific targets on plastic pollution and are you looking at enhancing regional disclosures on your plastic efforts and impacts? Both of which we would highly encourage, together with clearer and more holistic communication on Unilever's overall nature impact, risks and dependencies, such as possible under the TNFD.

While the CEO mentioned no concrete regional targets around regional plastics operations, he shared that Unilever's individual business units have recently developed unit-specific plastics reduction roadmaps, which each include regional focuses hoping to address especially higher leakage markets. Additionally, the now singled out and postponed flexible packaging target (100% of flexible packaging to be reusable, recyclable or biodegradable by 2035, compared to the previous 100% of all packaging to be reusable, recyclable or biodegradable by 2025) and the company's efforts of collecting more plastic than sold in particular high risk regions such as India were mentioned with the ambition to tackle the issues in high leakage countries.

Additional: Through out the meeting, many climate concerned shareholders demanded for a specific concrete reduction target from Unilever, stating their discontent with the renewed climate transition action plan (CTAP). The CTAP however received majority support from shareholders with 97.6% votes for. The updated commitments, including scope 3 targets, have been approved by the Science Based Targets Initiative (SBTI) a week prior to the AGM.